



# LPDF UPDATE

Edition 8 - NOVEMBER 2018

**Welcome** to LPDF UPDATE, prepared by **Tetlow King Planning Limited**. This publication provides an update of the latest publications across the housebuilding and planning sectors from a wide range of public, private and quasi-governmental organisations, which are relevant to the interests of the Land Promoters and Developers Federation.



The 29 October saw the Autumn Budget announcement, the publication of the Letwin Review and further proposals to increase the delivery of new homes.

The LPDF has recently published its response to the Government's recent announcements relating to the Budget 2018 and the Letwin Review (view [HERE](#)). Here's an overview of the Government's proposals.

## The Autumn Budget 2018

**The Autumn Budget reaffirms the Government's commitment to deliver 300,000 homes a year (a target first established in the 2017 announcement). Regarding new housing investment, the Budget included a further £500m for the Housing Infrastructure Fund to unlock a further 650,000 homes.**

The Budget announced over £7.2bn of funding to support around 110,000 first time buyers into homeownership through a new Help to Buy Equity Loan scheme and new SDLT relief measures.

Following the Prime Minister's announcement at the Conservative Party Conference, Chancellor Philip Hammond also confirmed that the Housing Revenue Account cap controlling local authority borrowing for house building would be abolished, enabling Councils to increase house building to around 10,000 homes a year.

At the 2017 Autumn Budget, the Government announced over £15bn of new financial support, bringing total support for housing to at least £44bn over a five-year period. This year's budget confirms where some of this money will go, including providing £653m for strategic partnerships with nine housing associations to deliver over 13,000 homes and a new **five-year strategic business plan for Homes England**, which was published on 30 October.

Further funding was made available to support housing deals with local authorities in areas of high housing demand to deliver above their Local Housing Need. Whilst this is only £10m of funding, Housing Growth Deals are becoming a more prominent feature on the Government's housing and planning agenda.

Within his 95 minute speech to the Commons, Hammond casually announced that alongside the Budget, the highly anticipated Letwin Review had also been published (below).

**Land Value Uplift / Capture:** The Government will be introducing "a simpler system of developer contributions that provides more certainty for developers and local authorities, while enabling local areas to capture a greater share of uplift in land values for infrastructure and affordable housing".

**Planning Obligations:** The reforms include simplifying the process for setting a higher zonal Community Infrastructure Levy in areas of high land value uplift and removing all restrictions on Section 106 pooling towards a single piece of infrastructure. The Government will also introduce a Strategic Infrastructure Tariff for Combined Authorities and joint planning committees with strategic planning powers. See below on the Government's response to supporting housing delivery through developer contributions and proposals on the disposal of local authority land.

**A revival of Localism?** The Government wants to see parishes and communities provide many more homes for local people to buy, at prices they can afford. The Government is providing £8.5 million of resource support so that up to 500 parishes can allocate or permission land for homes sold at a discount. Other measures to strengthen the Neighbourhood Planning process were also announced.



## The Letwin Review: Independent Review of Build Out

Alongside the Budget announcement, Sir Oliver Letwin published the independent review of the gap between housing completions and the amount of land allocated or permitted. The findings of his review seem to place a much greater responsibility on the already under-resourced local planning authorities.

The review found no evidence that speculative land banking is part of the business model for major house builders, nor that this is a driver of slow build out rates. The review concluded that greater differentiation in the types and tenures of housing delivered on large sites would increase the market absorption rates of new homes – the binding constraint on build out rates on large sites – and has set out recommendations to achieve this aim.

Letwin recommends that the Government should adopt a new planning framework / new set of planning rules specifically for all future large sites (initially those over 1,500 units) in areas of high housing demand, requiring those developing such sites to provide a “diversity of offerings” in line with a new set of “diversification principles” and establish a National Expert Committee to advise local authorities and developers on the “diversity requirements” for large sites.

Notably, Letwin adds that to create a significant change in build out rates and the quality of large scale development, the Government should:

“Introduce a power for local planning authorities in places with high housing demand to designate particular areas within their Local Plans as land which can be developed only as single large sites, and to create master plans and design codes for these sites which will ensure both a high degree

of diversity and good design to promote rapid market absorption and rapid build out rates”;

“Give local authorities clear statutory powers to purchase the land designated for such large sites compulsorily at prices which reflect the value of those sites once they have planning permission and a master plan that reflect the new diversity requirements” alongside new guidance to “press the diversity requirements to the point where they generate a maximum residual development value for the land on these sites of around ten times existing use value”; and

“Also give local authorities clear statutory powers to control the development of such designated large sites” through one of two development models outlined in Annex C of the report.

The first of these would be through a ‘Local Development Company’ (LDC) to carry out the development role by (a) establishing a masterplan and design code for the site; (b) bringing in private capital to pay for the land and invest in the infrastructure; and then (c) “parcelling up” the site and selling individual parcels to particular types of builders or providers offering housing of different types and different tenures.

Or the second would involve the authority establishing a ‘Local Authority Master Planner’ (LAMP) to develop a masterplan and full design code for the site, then enable a privately financed ‘Infrastructure Development Company’ (IDC) to purchase the land from the local authority, develop the infrastructure of the site and promote the same variety of housing as in the LDC model.

The Government will respond to the review in full in February 2019. Read the Letwin Review [HERE](#).

## Government response to supporting housing delivery through developer contributions

On the day of the Budget the Government published its response to a consultation in March on changes to the developer contributions system.

The Government is to change the planning gain system to allow Councils to capture a greater share of increased land values for spending on infrastructure and affordable housing. It said it will not take forward proposals in the consultation intended to allow local authorities to capture increases in land value where this is justified by infrastructure needs (paragraph 40).

However, paragraph 42 of the response adds that there are “existing flexibilities” in the CIL Regulations that, in using differential levy rates, allow local authorities “to go some way towards achieving the objective of the proposed reform”. The response added that the Government “therefore proposes to

make changes to guidance to support local authorities to set differential rates more effectively”.

The Government has also decided to enable Combined Authorities with strategic powers to take forward a Strategic Infrastructure Tariff, and to encourage groups of charging authorities to use existing powers to more effectively support the delivery of strategic infrastructure through the pooling of their local Community Infrastructure Levy receipts.

The response added that in the longer term, the Government will bring forward proposals for allowing joint planning committees to charge the tariff and will review options for giving other groups the power to levy a Tariff.

The Government will be consulting on the draft regulations later this year. View the response [HERE](#).

## Planning reform: Supporting the High Street and Increasing the delivery of new homes

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On Budget day the Government also published further proposals which will allow greater change of use to support high streets, support extending existing buildings upwards to create new housing, and to speed up the delivery of new homes.

Further to the proposals set out in the Housing White Paper, Part 2 of the document sets out the Government's proposals relating to the disposal of local authority land. Part 4 of the document covers draft proposed compulsory purchase guidance for New Town Development Corporations.

The consultation will be closing on 14 January 2019. View the consultation document [HERE](#).

## Innovation in Affordable Home Ownership: A call for Private Shared Ownership proposals

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The Budget announced that to support homeownership further, the Government is launching a call for evidence inviting proposals from investors willing to collaborate to deliver a new wave of shared ownership homes.

The Government is seeking proposals from private investors, delivery organisations or partnerships between them. These proposals should provide new routes into homeownership by leveraging both private sector funding and capacity to deliver. The Government's offer is to either act as a 'co-funder' of these proposals (investing on a loan or other recoverable basis) or to act as a facilitator removing regulatory or other barriers.

As such it is welcoming proposals in three categories:

- Private Shared Ownership which should be primarily privately funded;
- Other private affordable home ownership products which should be primarily privately funded; and
- Other innovative routes into home ownership which do not require Government investment but may require the removal of other regulatory barriers.

The Government will be closing this call for evidence on 1 February 2019. View the document [HERE](#).



## Nearly two-fifths of CIL monies left unspent

Analysis by the Association for Consultancy and Engineering (ACE) on the spending of CIL monies has found that some 39% (nearly two-fifths) of CIL monies have been left unspent.

As part of the research ('Scrapping the Levy' - [HERE](#)), FOI requests were submitted to all 149 Councils across the country which had a CIL in place, assessing local authorities' CIL income and spend from the beginning of 2014 to July 2018, and found that of the £1,108,438,007.68 (£1.1 billion) received, some £431,747,457.68 (nearly £432 million) has gone unspent in the last three and a half years. Key numbers include:

61%

Unspent CIL income in Greater London (note this is the Local Authority CIL only and not the Mayoral CIL);

95%

Unspent CIL income in the West Midlands and Greater Manchester respectively;

85%

Unspent CIL income in the East of England;

28%

Unspent CIL income in the city of Bristol;

100%

Unspent CIL income in the cities of Birmingham and Newcastle respectively.

## LSL New Build Index

LSL Land and New Homes has found that in the year to end August 2018, new build house prices rose on average by 5.1% across the UK, down on last year's 9.8% rate of increase.

Looking at the most recent annual house price change data from three leading indices: Nationwide, HM Land Registry / ONS and its own 'LSL Acadata', the report highlights that "whilst there are quite significant differences between the reported [new build] prices rises for each region, the picture is clearly one of a wave that has now spread out to the regions from London where [new build] prices are now around 60%

above the level they were at in 2007".

"Most people would agree that the next year will be the most important one for the country since the financial crash. The house building industry recovered from the wreckage of the crash and in recent years has been enjoying record levels of profits. Whatever else happens, there will still be a housing shortage that all political parties want to tackle and people will still need to move home. But as Help to Buy winds down, the industry may wish to consider business models that allow them to keep building in more adverse circumstances".

View the LSL New Build Index [HERE](#).

## UPDATES FROM THE FEDERATION

### October Members Meeting & Outcomes

The Federation has published a brief response into Kit The Federation's recent Members Meeting in October was well attended, many thanks to Katie Yates for organising and Eversheds Sutherland for hosting. Here are some key take-home points from the meeting.

Barton Willmore's James Donagh provided a presentation to the group aptly titled 'Where did all the housing go' in light of the recent publication of the [2016-based household projections in England](#). Hot off the press Chief Planner Steve Quartermain announced that a revised standard housing need method would emerge before Christmas. He was not wrong: prior to the Budget, MHCLG published a new Technical Consultation, reverting back to the 2014-based household projections and proposing more changes to national planning policy ([HERE](#)). The deadline for responses is on **7 December 2018**.

In light of the ongoing review into planning appeal inquiries, the Federation was supportive of Gladman Developments' response which was submitted to the review. View the

response [HERE](#). The Federation also had an active presence at MHCLG's Garden Communities Event at Homes England's Offices in Birmingham – which was also well-attended by LPDF members.

Following party conference season, Cratus Communications provided a brief overview of the political landscape. The Conservative Party Conference highlighted that the Government is willing to be more radical in its thinking including the lifting of the borrowing cap (below). The Labour Party Conference saw a shift in style, highlighting a potential government in waiting.

**The Federation is keen to host some annual networking and social events, so watch this space for further updates.**

Minutes of the October meeting have now been distributed. The next Members Meeting will be held on Wednesday 23 January. For further information, contact Katie Yates ([katiey@catcsbyestates.co.uk](mailto:katiey@catcsbyestates.co.uk)).

## In the News



### ANOTHER Growth Deal:

Further to the news in Oxfordshire last month, the MHCLG has invited the three Councils in West Northamptonshire – namely Daventry District, Northampton Borough and South Northamptonshire Councils – for their formal expressions of interest in participating in a new Growth Deal for the area. Should we expect another Written Ministerial Statement?

[CLICK HERE](#)



### Health:

NHS England has published a short leaflet establishing 10 'Healthy New Town' Principles which support healthier lifestyles. In collaboration with the MHCLG, NHS England will publish wider guidance in Spring 2019 called 'Putting Health into Place' which will set out national recommendations for changes and provide practical tools for anyone involved in creating new places.

[CLICK HERE](#)



### Affordable Housing:

Following the publication of the Social Housing Green Paper in August, the TCPA and the Nationwide Foundation have published a report on 'Planning for Affordable Housing' which collaborates findings from a wide-ranging engagement with over 120 Councils about their experience of delivering affordable housing through the planning system.

[CLICK HERE](#)



### Green Infrastructure:

Interreg Europe's 'Planning for Environment and Resource efficiency in European Cities and Towns' (alternatively known as 'PERFECT') has published an Expert Paper on the 'Multiple Benefits of Green Infrastructure'. The Paper looks at the benefits of Green Infrastructure on mental and physical health; air quality regulation and noise mitigation.

[CLICK HERE](#)



### Affordability:

The Institute for Fiscal Studies (IFS) had a busy month. As well as its '[Green Budget 2018](#)' prior to the Chancellor's Autumn Budget announcement above, it has found that even with a 10% deposit, the cheapest local homes are out of reach for at least 40% of young adults. The IFS' findings were published as a pre-requisite to the Green Budget announcement in mid-October and cannot be ignored.

[CLICK HERE](#)